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April 1, 2004

**VIA FACSIMILE AND FEDERAL EXPRESS**

The Honorable Deborah Taylor Tate  
Chairman  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, Tennessee 37243-0505

Re: Nashville Gas Company, a Division of Piedmont Natural Gas Company, Inc.  
Incentive Plan Account (IPA) Audit -- Docket No. 03-00489

Dear Chairman Tate:

On March 29, 2004, the Energy and Water Division of the Tennessee Regulatory Authority Staff filed its *Notice of Filing By Energy And Water Divisions of the Tennessee Regulatory Authority* in the above-captioned proceeding ("Audit Report"). This filing constituted the report of the Energy and Water Division ("Staff") on its audit of Nashville Gas Company's Incentive Plan Account for the year ended June 30, 2003.<sup>1</sup>

Staff's Audit Report filing included certain responses by Nashville Gas Company to Staff's exceptions that contained information which Nashville Gas Company considers to be highly confidential and proprietary. This information was inadvertently not marked as confidential at the time it was provided to Staff, was included in the Staff's Audit Report and is currently available to the public on the Authority's website and presumably through its written files as well.

In order to protect Nashville Gas Company's proprietary information from further public disclosure, Nashville Gas Company respectfully requests that pages 8 and 11 of the Staff's Audit Report be removed from the publicly accessible portions of the Authority's website and its physical files and treated as confidential and proprietary in nature pending any further order of the Authority on this issue.

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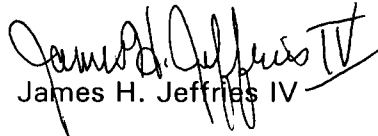
<sup>1</sup> Nashville Gas Company did not become aware of this filing until late in the day on March 30, 2004. Since becoming aware of this filing, Nashville Gas Company has reviewed the Energy and Water Division's report and has concluded that it does not agree with a number of the exceptions, conclusions and recommendations contained therein. Nashville Gas Company intends to make a formal filing in the near future in response to the substance of the Staff's Audit Report.

The Honorable Deborah Taylor Tate  
April 1, 2004  
Page 2

To the extent that Staff or any other party may contend that some or all of this information is not confidential in nature, which is currently unknown to Nashville Gas Company, removal of this information from the public files will permit a reasoned decision on that issue by the Authority without ongoing disclosure of Nashville Gas Company's proprietary information.

Thank you for your attention to this matter. If you have any questions about this request, I may be reached at the number shown above.

Sincerely,

  
James H. Jeffries IV

JHJ/srl

c. Mr. Richard Collier  
Mr. Dale Grimes  
Mr. David Carpenter